Pet 6 Libya P2~

OUTGOING TELEGRAM
DEPARTMENT OF STATE

fr Pet 3 OECD

100447

563

FORM DS 322(OCR)

ACK	100447	242205Z MAY 73	RUSH	SIGNATURE

CONFIDENTIAL
CLASSIFICATION
SPECIAL CHARGES

EB/ORF/FSE:GSBROWN:CJR
5/24/73 EXT 20753
EB/ORF/FSE - MR. BENNSKY

NAME
TEL. EXT.
NAME

AF/N - MR. CLARK
NEA/IRN - MR. ROUSE
EUR/WE - MR. FLOYD

NAME

OFFICES

DESIRED DISTRIBUTION

ROUTINE EMBASSY LONDON

ROUTINE AMEMBASSY BONN, JAKARTA, JIDDA, KUWAIT, LAGOS, PARIS, ROME, TEHRAN, THE HAGUE, TOKYO, TRIPOLI, EC BRUSSELS, OECD PARIS

EXDIS HANDLING

DEPARTMENT OF STATE A/CDC/MR
NAME
OFFICE
REVIEWED BY q DATE 11/20/82
CLEARANCES
RDS or XDS EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS
DECLASSIFIABLE
RELEASABLE IN PART
OR FOI EXEMPTIONS B1 A9

INITIALS
BENNSKY
BROWN
CLARK
ROUSE
FLOYD

Pet 6 Libya

E.O. 11652 GDS-DECLAS DEC. 31, 1979
TAGS: ENRG, UK
SUBJECT: OIL NEGOTIATIONS
REF: LONDON 6097, TRIPOLI 683, LONDON 6156

1. OIL COMPANIES OPERATING IN LIBYA WILL MEET IN NEW YORK 5/25 TO DETERMINE NEXT STEPS IN LIBYAN NEGOTIATIONS. FEELING AMONG MAJORS WITH WHICH WE HAVE SPOKEN IS THAT LARG NOT PREPARED TO NEGOTIATE AT THIS POINT AND THAT CURRENT SITUATION IN TRIPOLI (POPULAR COMMITTEE HARRASSMENT, ETC.) MAKES NEGOTIATING CLIMATE UNFAVORABLE. THEY APPARENTLY WOULD PREFER STANDING PAT TO AWAIT NEXT LARG MOVE, BUT ARE CONCERNED THAT INDEPENDENTS (PARTICULARLY MARATHON AND CONTINENTAL) MAY WANT TO MOVE FORWARD TOGETHER AND THEREFORE ARE DISCUSSING POSSIBLE NEW INDUSTRY NEGOTIATING PROPOSALS (FYI: WE UNDERSTAND ONE POSSIBILITY IS OFFER OF PRODUCTION SHARING CONTRACTS FOR 51 PERCENT OF PRESENT CONCESSIONS).

2. ACCORDING TO OIL COMPANIES, LARG OIL MINISTRY ~~TECHNICAL DEPARTMENT CALLED~~ IN FIVE COMPANIES MAY 23 TECHNICAL DEPARTMENT CALLED IN FIVE COMPANIES MAY 22 TO COMPLAIN ABOUT GAS FLARING, AND TO IMPLY (OR STATE [redacted] THAT LARG WISHED GAS FLARING DISCONTINUED. AS MOST OIL PRODUCTION IN LIBYA REQUIRES GAS FLARING UNDER PRESENT CIRCUMSTANCES, LARG MAY HAVE BEEN SETTING STAGE FOR PRODUCTION RESTRICTIONS

B1

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BASED ON NEED TO CONSERVE GAS.

3. IRAN CONSORTIUM MEMBERS SIGNED HEADS OF AGREEMENT WITH GOI MORNING OF MAY 24 IN TEHRAN. ALTHOUGH WE AS YET HAVE NO FULL REPORT, WE UNDERSTAND THAT GAS ISSUE RESOLVED AT LAST MINUTE TO COMPANIES' SATISFACTION, AS WAS MOST FAVORED NATION CLAUSE. NEXT STEP WILL BE LEGAL DRAFTING OF FINAL AGREEMENT. IT WOULD NOT SURPRISE US, HOWEVER, IF FINAL AGREEMENT NOT SIGNED UNTIL LIBYAN SITUATION RESOLVED OR CLARIFIED. 44